stood at Rs. 115·49 lakhs at the end of 1110 is expected to rise to Rs. 122·90 lakhs at the close of the current year on account of the further outlays on 'Harbour' and 'Railway' which I have just explained. The asset over liabilities to the credit of our Government is, however, expected to stand reduced from Rs. 108·33 lakhs to Rs. 102·78 lakhs due to the deficit that has been anticipated in the current year—the net liability standing at Rs. 20·11 lakhs as against Rs. 7·16 lakhs at the beginning of the year.

BUDGET ESTIMATE OF 1112.

8. I now come to our programme for the coming year which is the theme for detailed consideration before us. Every country or nation is faced with deficit budgets and though our State also is beset with the same economic conditions and other unfavourable circumstances, every attempt has been made to avoid a deficit budget, with due regard, however, to the real development of the State, the welfare of its people and the maintenance of its status among the fraternity of advanced States. The economic depression that was unprecedented alike in its duration, its extent and its intensity is fortunately lifting and with the commodity prices gradually increasing, the condition may be said to be better now. In framing the next year's estimates of receipts and expenditure the present economic condition has therefore been taken into consideration to the extent conceivable.

The revenue for the coming year has been estimated at Rs. 101·39 lakhs which, it will be observed, is a record figure in the history of budget of the State. We have programmed for an expenditure of Rs. 100·92 lakhs leaving a small surplus of Rs. ·46 lakh. This does not include our programme of capital expenditure which is estimated at Rs. 58·13 lakhs for which we shall be drawing on our loan amounts.

RECEIPTS.

As compared with the revised estimate of Rs. 98·60 lakhs the revenue for the coming year shows an increase of Rs. 2·79 lakhs. Under almost all the important heads the budget estimates have been prepared on the basis of the revised estimates of the current year as far as possible except in respect of items which showed surer ground for increase.

In view of the improving economic condition and having regard to the opinion generally given expression to that the remission has not proved beneficial either to the State in its

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straitened financial condition or to the ryots really called as such, no remission is proposed to be given in the coming year and this alone mainly accounts for the large increase of Rs. 1·46 lakh under 'Land Revenue' over the revised estimate of Rs. 10·66 lakhs. 'Income-tax' is a head which, next in order, shows an increase in revenue to the extent of Rs. 38,100. This small increase is the anticipated result of the proposed raising of the rate of tax on incomes above Rs. 15,000 and on the income of Joint Stock Companies. Additional taxation is always unpopular; but this measure, Government are well aware, will not affect any except a very small number of business men and professionals who are mostly subjected to double assessment in British India and the State and consequently will not be appreciably affected owing to rebates allowed to them from either Government. As regards increased tax on companies it may be worthwhile to mention here that while the tax is collected from the companies, corresponding credit is given to individual shareholders by way of deduction from tax payable by them or by refund to those who are not taxable. Under 'Tobacco', is expected an increase of Rs. 29,300 over the revised estimate of Rs. 3,32,800 mainly on account of the non-provision of any amount for remission. 'Interest' shows an increase of Rs. 28,300. The amount of revenue surpluses and the loans raised may not be wholly required in the coming year and a portion is proposed to be invested in the Bank Fixed Deposits until it is actually required for Harbour Works. This, as well as the better rate of interest now being realised on current accounts and fixed deposits is expected to bring in an additional income of Rs. 28,300 under 'Interest' as compared with the revised estimate of Rs. 1,94,700 in spite of the fact that a good portion of our loan amounts is to be utilised for Harbour improvement works. This has been rendered possible by the transfer of our banking transactions to the Central Bank of India, Ltd., with whom the Government have entered into an agreement early in the current year on terms in respect of interest rates most advantageous to the State. The Government also were enabled to procure through this bank on advantageous terms substantial financial assistance to the Paliam Estate under Government management. The budget estimate under 'Tramway' has been fixed at Rs. 1,49,100 thus showing an increase of Rs. 19,000 over the revised estimate of Rs. 1,30,100 mainly on account of capital receipts, viz., receipts obtained by the sale of the old rails of the Tramway. The Government themselves undertook the sale of these rails by proper advertisement whereby the maximum value was obtained for these rails. As regards 'Education', the

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larger strength expected in the new educational year in the Maharaja's College and Secondary schools mainly accounts for the anticipated increase of Rs. 20,300 over the revised estimate of Rs. 3,43,000. Coming to the last head showing any appreciable increase in revenue, viz., 'Customs' I may remark that with the available information it is anticipated that our share of the Customs revenue for the year 1935—36 would come to Rs. 20,25,000. This, in the usual course, is expected to be realised only in the coming year; but, even if received this year, it is proposed to be placed in suspense account and credited in the accounts of next year so as to avoid such violent fluctuations in the budget as we were faced with in some of the past years by the non-receipt of customs revenue of a year in that year and its receipt in a subsequent year along with the revenue of that year.

As against these increases, we also anticipate falls in revenue chiefly under 'Profits from Capital Outlay other than Railway', 'Matches' and 'Abkari and Ganja'. The decrease of Rs. 39,000 anticipated under 'Profits from Capital Outlay other than Railway' as compared with the revised estimate of Rs. 1,40,000 is only apparent since it is proposed, as from the coming year, to commercialise the system of accounting the transactions of the Stoneware Factory whereby the net profit or loss alone is brought into the accounts of the general revenue and expenditure after deducting the maintenance charges from the gross receipts of the working of the factory, capital charges being met from 'Capital Out lay'. Thus, in place of an anticipated revenue of Rs. 90,300 a sum of Rs. 26,000 alone has been estimated for the coming year, after deducting therefrom the maintenance charges amounting to Rs. 64,300. The estimates of the working of the factory are separately appended to the budget, which also gives for the first time the Balance Sheet of the factory as at the end of the account year 1110, as desired by the House last year. Under 'Matches' a contribution of Rs. 50,000 only is estimated from the Government of India in the coming year and hence the fall as compared with the revised estimate which comprised of the contribution for two years since the introduction of the Regulation. As the House is perhaps aware, the levy of an 'Excise duty on matches' was one of the measures of taxation contemplated for the purpose of balancing the budget under the scheme of Federation of the Government of India, the same having been given effect to in advance by that Government. This Government along with the Indian States have agreed to levy a corresponding

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duty on matches manufactured in the State and to pay the proceeds thereof into a common pool, along with the proceeds of the British Indian duty for ultimate distribution between British India and Indian States on the basis of population. It will thus be seen that this is an item of revenue the increase or decrease of which is not dependent on the collection but on consumption and therefore on the population of the State.

The decrease under 'Abkari and Ganja' (Rs. 21,300) as compared with the revised estimate of Rs. 10,21,300 is mainly due to the safer anticipation made of the revenue under the head.

I may add that the further instalments of the 3½ per cent loan due from subscribers are budgetted for in the coming year and a receipt of Rs. 15 lakhs has been duly estimated.

DISBURSEMENTS.

The demands of the several departments for expenditure during the next year have been carefully scrutinised both by the Government and the Standing Finance Committee and the grants have been fixed after careful and anxious consideration of the requirements of the various departments in the order of their urgency, utility and importance. The total expenditure thus provided for in the budget estimate for the coming year is Rs. 100·92 lakhs which is no doubt less than the revised estimate of the current year by Rs. 3·22 lakhs. I shall now proceed to deal with the more important items.

Government have been most earnestly engaged in the work of rural reconstruction for years past and in recent years they have accelerated the progresss of the work of the departments engaged most primarily in these activities, viz., Agriculture, Co-operative, Panchayat and Public Health Departments. By a proper co-ordination of their activities Government are gratified to note that the work of rural development has grown a pace both extensively and intensively, though not without disappointing failures also.

The **Agricultural Department** has been operating for the improvement of the position of the cultivator by research, by propaganda and by advances. An enquiry is afoot on the marketing facilities of the various staple crops and on its completion substantial results are hoped to be achieved. The work of constructing the Research Laboratory and equipment of the same has been completed; necessary provision has been made

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